IPCI tie-up with U.K. firm

1996. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Govt. has been drawn to the newsitem captioned "Integrated Finance Plans" insurance sector tie-up as reported in Indian Express dated 26th July, 1995;

(b) if so, whether IFCI, a non banking finance company is proposing to have tie-up with UK firm;

(c) if so, whether the approval of the Union Government have been sought;

(d) if so, the names of the non banking finance companies operating in the country; and

(e) the control of the Government on such companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (e) Yes Sir. It has been reported in the newspaper that Integrated Finance Co. Ltd. of Malaysian Manorama group has entered into a MOU with Provincial Ins. Plc. U.K. a wholly owned subsidiary of the UAP group of France, for setting up a joint venture in the insurance sector. Government approval is not required to sign such MOUs. Under existing law, the Life and General Insurance businesses are exclusive privileges of LIC and GIC respectively. Therefore, the question of Government granting approval for other companies to transact insurance business does not arise.

Accounting System

1997. RPOF. VIJAY KUMAR MALHOTRA: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to make it compulsory for any business or professional concern to follow either the mercantile or the cash system of accounting;

(b) if so, has the Government issued any notification on this behalf and if so, the details thereof; and

(c) the reaction of the business community in regard to the proposal; if any?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Section 145 of the Income-tax Act, 1961, has been amended to provide that income chargeable under the head 'profits and gains of business or profession' or 'Income from other sources' shall be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. The implication of this amendment is that business or professional concerns cannot follow 'hybrid' or 'mixed' method of accounting for income-tax purposes.

(b) No, Sir, the Government have not issued any notification in this behalf.

(c) A section of the business community did not welcome the amendment and wanted that the 'hybrid' or 'mixed' method of accounting should continue to be allowed for the purposes of computing income under the Income-tax Act.

Restrictions by USA on import of garments

1998. SHRI KRISHAN LAL SHARMA: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that USA has imposed restrictions in the import of woollen garments from India;

(b) whether it is also a fact that Germany also proposes to ban the import of textiles and clothing from India in near future;

(c) if so, the reasons therefor; and

(d) the reaction of Government thereto?

THE MINISTER OF TEXTILES (SHRI G. VENKAT SWAMY): (a) to (d) Under the provisions of the Indo-US textile agreement and the Agreement on